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INTERSTATE COMMERCE COMMISSION

**COLLATERAL ASSIGNMENT
OF LEASE AND AGREEMENT**

between

**CANADIAN ACCEPTANCE
CORPORATION LIMITED**

and

CANADA PERMANENT TRUST COMPANY

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COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT

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COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT dated as February 28, 1972 (hereinafter called "this Assignment"), by and between CANADIAN ACCEPTANCE CORPORATION LIMITED (hereinafter called the Company) and CANADA PERMANENT TRUST COMPANY (hereinafter called the "Trustee").

WHEREAS the Company has entered into a Conditional Sale Agreement dated as of February 28, 1972 (hereinafter called the "Conditional Sale Agreement"), with the Trustee (therein called the "Vendor") providing for the sale to the Company of such units of railroad equipment (hereinafter called the "Units") described in Schedule 1 to the Conditional Sale Agreement as are delivered to and accepted by the Company thereunder; and

WHEREAS the Company and CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee") have entered into a Lease of Railroad Equipment dated as of February 28, 1972 (hereinafter called the "Lease"), providing for the leasing by the Company to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Company under the Conditional Sale Agreement, the Company has agreed to assign to the Trustee for security purposes its rights in, to and under the Lease;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 13 hereof, the Company hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of the Company's obligations under the Conditional Sale Agreement, all the Company's right, title and interest as Lessor under the Lease, together with all rights, powers, privileges, and other benefits of the Company as Lessor under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Company from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Company, as Lessor, is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Company hereby irrevocably authorizes and empowers the Trustee in its own name, or the name of its nominee, or in the name of the Company or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Company is or may become entitled

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under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Company agrees to cause all Payments to be made by the Lessee under the Lease directly to the Trustee as agent for the Company. The Trustee agrees to hold and disburse the Payments as follows: *first*, to satisfy the obligations of the Company under the terms of the Conditional Sale Agreement (subject to the limitations and provisions of the last paragraph of Article 3 thereof) and, *second*, to the extent the Payments are in excess of the amounts required to satisfy such obligations of the Company, the balance of such Payments shall be paid by the Trustee to the Company.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify the liability of the Company under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Company to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Company or persons other than the Trustee.

3. To protect the security afforded by this Assignment the Company agrees as follows:

(a) The Company will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Company; without the written consent of the Trustee, the Company will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Company agrees that any amendment, modification or termination thereof without such consent shall be void.

(b) At the Company's sole cost and expense, the Company will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the Company under the Lease.

(c) Should the Company fail to make any payment or to do any act which this Assignment requires the Company to make or do, then the Trustee, but without obligation so to do, after first making written demand upon the Company and affording the Company a reasonable period of time within which to make such payment or do such act, but without releasing the

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Company from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Company contained in the Lease; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Company will reimburse the Trustee for such costs, expenses and fees with interest at 6% per annum.

4. During the currency of this assignment the Company hereby irrevocably constitutes the Trustee the Company's true and lawful attorney, with full power (in the name of the Company, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under *or* arising out of the Lease to which the Company is or *may* become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse *any* cheques or other instruments or orders in connection therewith and to file any claims or take any actions or institute any proceedings which to the Trustee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Company's obligations under the Conditional Sale Agreement, this Assignment and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease shall revert to the Company and the Trustee upon the request of the Company shall execute all such documents evidencing such discharge and satisfaction as reasonably may be requested by the Company.

6. The Company represents and warrants that (a) the execution and delivery by the Company of the Lease, this Assignment and the Conditional Sale Agreement have each been duly authorized, and the Lease, this Assignment and the Conditional Sale Agreement are the valid and binding obligations of the Company enforceable in accordance with their terms, (b) the Company has not executed any other assignment of the Lease and the Trustee's right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances except the provisions of this assignment, (c) notwithstanding this Assignment, the Company will conform and comply with each and all of the covenants and conditions in the Lease and the Conditional Sale Agreement set forth to be complied with by it, (d) to the knowledge of the Company, it has performed all obligations on its part to be performed under the Lease and the Conditional

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Sale Agreement on or prior to the date hereof and (e) the Lease and the Conditional Sale Agreement are in full force and effect and have not been canceled and to the knowledge of the Company there has not occurred on or prior to the date hereof any event of default under the Conditional Sale Agreement or any event which with notice and/or lapse of time would constitute such an event of default.

If an event of default under the Conditional Sale Agreement shall occur and be continuing, the Trustee shall declare all sums secured hereby immediately due and payable and may at its option without notice and without regard to the adequacy of the security of the sums hereby secured, either in person or by an agent with or without bringing any action or proceeding or by a receiver to be appointed by a court, take possession of and operate the Units or any part thereof in accordance with the terms of the Conditional Sale Agreement and do any acts which the Trustee deems proper to protect the security hereof, either with or without taking possession of the Units. The taking possession of the Units and the taking of any action permitted as aforesaid shall not cure or waive any default or waive, modify or affect any default hereunder or under the Lease or invalidate any act done hereunder.

7. The Company covenants and agrees with the Trustee that in any suit, proceeding or action brought by the Trustee, as assignee of the Company's right, title and interest under the Lease, for any instalment of rental, or interest thereon, or other sum owing thereunder, or to enforce any provisions of the Lease, the Company will save, indemnify and keep the Trustee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Lessee or its successors, arising out of a breach by the Company of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to the Lessee or its successors from the Company. Any and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Trustee or any party or parties in whom any of the rights of the Company under the Lease shall vest by reason of successive assignments or transfers.

8. The Company will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Trustee in order to confirm or further assure, the interests of the Trustee hereunder.

9. The Trustee may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such

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subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder.

10. This Assignment shall be governed by the laws of Ontario, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and Section 86 of the Railway Act of Canada RSC, 1970, C.R. 2.

11. The Company shall cause (a) copies of all notices received in connection with the Lease, and (b) all payments hereunder to be promptly delivered or made to the Trustee at its office at 320 Bay Street, Toronto, Ontario, *attention of* Corporate Trust Department or at such other address as the Trustee shall designate.

12. The Company will promptly cause this Assignment to be filed and recorded in accordance with § 18 of the Lease.

13. Anything herein or in the Lease or in the Conditional Sale Agreement contained to the contrary notwithstanding:

(a) the Company may, but shall be under no obligation to, cure any Event of Default (as Event of Default is defined in § 9 of the Lease) suffered or permitted to occur by the Lessee under the Lease by making any payment (whether of rent, casualty payment, indemnity payment or other payment) or by performing any act which the Lease requires the Lessee to make or perform. Upon the making of any such payment or the performance of any such act by the Company, the Event of Default under the Lease or any event of default under the Conditional Sale Agreement which occurred in consequence of the Lessee's having failed to make such payment or to perform such act, shall for all purposes of both the Lease and the Conditional Sale Agreement be deemed to have been cured to the same extent as if the Lessee had made such payment or performed such act. The curing of any Event of Default by the Company shall not be deemed to impose any obligation or liability upon the Company to cure any subsequent Event of Default suffered or permitted to occur by the Lessee; and

(b) The Trustee for itself and its successors and assigns, hereby agrees with the Company and its successors and assigns, that the Trustee will not, so long as no Event of Default under the Lease or an event of default under the Conditional Sale Agreement has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Company to the Trustee by this Assignment.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed all as of the date first above written.

[CORPORATE SEAL]

CANADIAN ACCEPTANCE CORPORATION LIMITED

by

Vice-President

Assistant Secretary

CANADA PERMANENT TRUST COMPANY

by

Senior Investment Officer

VICE-PRESIDENT

Assistant Secretary

ASSOCIATE

[CORPORATE SEAL]

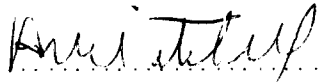
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PROVINCE OF ONTARIO }
CITY OF TORONTO } ss.:

On this ~~7th~~ ^{MARCH} day of ~~February~~, 1972, before me personally appeared James D. Johnstone, to me personally known, who, being by me duly sworn, says that he is a Vice-President of CANADIAN ACCEPTANCE CORPORATION LIMITED, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]


Notary Public

My Commission is for Life.

PROVINCE OF ONTARIO }
CITY OF TORONTO } ss.:

On this ~~7th~~ ^{MARCH} day of ~~February~~, 1972, before me personally appeared **RONALD A. PARKER**, to me personally known, who, being by me duly sworn, says that he is a Trust Officer of CANADA PERMANENT TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[NOTARIAL SEAL]

My Commission is for Life.

LESSEE'S CONSENT AND AGREEMENT

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ANNEX I

LESSEE'S CONSENT AND AGREEMENT

The undersigned, CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), the lessee named in the Lease (hereinafter called the "Lease") referred to in the foregoing Collateral Assignment of Lease and Agreement dated as of February 28, 1972 (hereinafter called the "Assignment"), hereby acknowledges receipt of a copy of the Assignment and consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers of the Loan Certificates to be issued pursuant to an equipment Loan Trust Declaration (the "Trust Declaration") made as of February 25, 1972, by Canada Permanent Trust Company (the "Trustee"), and for other good and valuable consideration, the Lessee agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units leased thereunder, to the Lessor, as agent for the Trustee referred to in the Assignment, or, in accordance with such other instructions as may be furnished to the Lessee by the Trustee in writing, and, if the Lessee fails for any reason whatsoever to make such Payments, it will pay as aforesaid on the respective dates or times set forth in the Lease, amounts equal to the Payments which it shall not heretofore have paid; it being hereby agreed that the obligation of the Lessee to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the Lessee might have against the Lessor or otherwise, and the payment thereof shall be final and shall not be subject to, and the Lessee hereby agrees to indemnify the Trustee against, any liens, charges, security interests or claims of any nature whatsoever resulting from a breach by the Lessee of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

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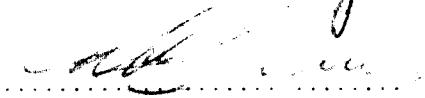
(5) the Lease shall not, without the prior written consent of the Trustee, be terminated or modified, or any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Assignment or this Consent and Agreement or of any of the rights created by any thereof.


This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of Ontario and, for all purposes, shall be construed in accordance with such laws.

CANADIAN NATIONAL RAILWAY COMPANY,

(CORPORATE SEAL)

by.....
Vice-President


Assistant Secretary

Approved
as to form only

Attorney

The foregoing Consent and Agreement is hereby accepted, as of the 28th day of February, 1972.

CANADA PERMANENT TRUST COMPANY,

by.....
Trust Officer

LESSEE'S CONSENT AND AGREEMENT

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PROVINCE OF QUEBEC }
CITY OF MONTREAL } ss.:

On this *6th March* day of *February*, 1972, before me personally appeared *E. J. Hurley* to me personally known, who, being by me duly sworn, says that he is a Vice President of CANADIAN NATIONAL RAILWAY COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

(NOTARIAL SEAL)

My Commission is for Life.

PROVINCE OF ONTARIO }
CITY OF TORONTO }

On this day of , 1972, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of CANADA PERMANENT TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission is for life.